

Message Text

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PAGE 01 LIMA 05713 082110Z

ACTION EB-07

INFO OCT-01 ARA-14 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00

XMB-04 OPIC-06 SP-02 LAB-04 EPG-02 SIL-01 OMB-01

PA-02 PRS-01 SS-15 NSC-05 /115 W

-----111959 090650Z /14

R 082029Z JUL 77

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 5617

INFO AMEMBASSY MADRID

AMEMBASSY BRASILIA

AMEMBASSY BOGOTA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY SANTIAGO

AMEMBASSY TRIPOLI

AMEMBASSY KUWAIT

UNCLAS LIMA 5713

E.O. 11652: N/A

TAGS: ECON, EAID, EFIN, EALR, PE

SUBJECT: LIMA CHOSEN AS SITE OF ARAB-LATIN AMERICAN BANK

REF: (A) LIMA 3035, (B) LIMA 3599,

1. LIMA DAILIES JULY 8 CARRY FRONT PAGE STORIES BASED ON AN EFE REPORT THAT THE ARAB-LATIN AMERICAN BANK WAS ESTABLISHED JULY 7 AT A MADRID MEETING OF THE BANK'S PROSPECTIVE SHARE-HOLDERS. THE ARTICLES ALSO STATE THAT LIMA HAS BEEN CHOSEN AS THE BANK'S MAIN OFFICE AND THAT A THREE MAN COMMISSION HAS BEEN APPOINTED TO DISCUSS SETTING UP LIMA OFFICE WITH GOP OFFICIALS.

2. ACCORDING TO THE EFE REPORTS THE FOLLOWING ENTITIES HAVE CONTRIBUTED TO THE BANK'S \$100 MILLION INITIAL
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CAPITALIZATION: LIBYAN ARAB FOREIGN BANK, KUWAIT FOREIGN TRADING CONTRACTING AND INVESTMENT CO., ARAB SPANISH BANK, BANCO NACIONAL DE DESARROLLO DE LA ARGENTINA, THE BANCO DO BRASIL, THE BANCO DE BOGOTA, BANCO CAFETALERO (PRESUMABLY COLOMBIA), BANCO DE COLOMBIA, CORPORACION FINANCIERA COLOMBIANA, BANCO DE CHILE, BANCO DEL ESTADO (CHILE), CORPORACION DE FOMENTO DE LA PRODUCCION (CHILE),

AND, FROM PERU, THE BANCO DE LA NACION AND THE BANCO DE CREDITO. THE PERUVIAN SHARE OF THE BANK'S INITIAL CAPITAL WILL BE \$7.4 MILLION, WITH BANCO DE CREDITO PUTTING IN \$2.4 MILLION AND BANCO DE LA NACION \$5.0 MILLION.

3. THE ARTICLES FURTHER STATE THAT THE BANK WILL PERFORM ALL USUAL COMMERCIAL BANKING FUNCTIONS AS WELL AS PROVIDE FINANCING TO LATIN AMERICAN GOVERNMENTS, STATE ENTERPRISES AND FINANCIAL INSTITUTIONS AND PRIVATE COMPANIES.

4. EMBASSY SOURCES CONFIRM ABOVE INFORMATION, BUT NOTE THAT DECISION TO ESTABLISH BANK'S HEADQUARTERS IN LIMA IS CONTINGENT ON FULFILLMENT OF GOP PROMISE TO WAIVE PERUVIAN BANKING LAWS WHICH INTER ALIA RESTRICT FOREIGN CURRENCY OPERATIONS AND LOANS BY BANKS IN PERU TO FOREIGN ENTITIES. WITHOUT THIS WAIVER ARAB-LATIN AMERICAN BANKS WILL BE UNABLE TO OPERATE IN PERU. OUR SOURCES SAY THAT THE GOVERNMENT WILL SOON APPROVE DECREE LAW PROVIDING NECESSARY WAIVER (DRAFTED BY THE BANCO DE LA NACION) AND THEY FORESEE NO IMPEDIMENT TO ESTABLISHMENT OF BANK IN LIMA.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKS
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LIMA05713
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770244-0588
Format: TEL
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770778/aaaacpvty.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e0db146f-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 LIMA 3035, 77 LIMA 3599
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1923754
Secure: OPEN
Status: NATIVE
Subject: LIMA CHOSEN AS SITE OF ARAB-LATIN AMERICAN BANK
TAGS: ECON, EAID, EFIN, EALR, PE
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e0db146f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009